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ONTARIO PUBLIC SCHOOL BOARDS' ASSOCIATION

SUBMISSION
ON THE
1990 ONTARIO BUDGET

TO THE
STANDING COMMITTEE
ON
FINANCE AND ECONOMIC AFFAIRS,
LEGISLATIVE ASSEMBLY
OF ONTARIO

JANUARY 24, 1990

Introduction

The Ontario Public School Boards' Association welcomes the opportunity to present its views on the anticipated Provincial Budget to the Standing Committee on Finance and Economic Affairs.

Our submission has three objectives. Firstly, we wish to inform the Committee about the current state of financing of the public schools, secondly we wish to offer specific recommendations for consideration in the formulation of the 1990 Provincial Budget and lastly we wish to bring to your attention some serious consequences of the inadequate financing of provincial legislative and policy initiatives.

These pre-budget hearings are timely for school boards since they follow the release of the Third Report of the Select Committee on Education. This report focuses exclusively on education finance. We understand that the recommendations presented represent a consensus, among all committee members from all three political parties. We urge this Committee to review the Select Committee's Report when addressing budgetary matters related to school boards.

I Current State of Education Finance

1. Shared Financial Responsibility

The underlying themes of the Select Committee's Report are equity, adequacy and accountability. These key themes are reflected in OPSBA's submission to the Select Committee, which we provide to you as a background document. OPSBA represents 92 public school boards in this province. Its membership includes the smallest and most remote of northern boards to those of the largest cities, those of rural Ontario to those in high growth areas. Our member boards are experiencing grave financial difficulties in their attempts to meet community needs on the one hand, and provincial requirements on the other.

The Province's responsibility for the provision of education is shared with school boards. The school boards have observed a substantial shift in the distribution of this shared responsibility over the last five years. The government has assumed greater control over decisions concerning the programs to be provided while at the same time reducing the level of funding available to school boards.

This trend must be reversed. The tax burden on local ratepayers is becoming intolerable. The Provincial Government's share of the cost of public schools has dropped from a little more than 55 per cent in 1975 to less than 35 per cent by 1988. Public boards are predicting that it will drop below 30 per cent in 1990.

It is estimated that grants for education will amount to 12% of total provincial spending in 1990. Like the government's share of education funding, this proportion has declined steadily since 1980.

While the clamour for increased government spending is heard from all the human service sectors and the demand for decreased spending is heard from others there can be no doubt that increased spending on education is an attractive long term investment. As stated in the first report of the Premier's Council, "to compete effectively in a new knowledge intensive global economy that relies primarily on human capital, excellence in educating our workforce is our single most important strategic weapon".

The education of our workforce begins in our schools.

2. Grant Ceilings

OPSBA views with grave concern the widening gap between the amount of expenditure per pupil on which grant is paid and the actual per pupil costs. The Select Committee has acknowledged that these grant-ceilings are "absolutely inadequate". We maintain that the "ceilings" have become "floors". Increasingly, we find ourselves in a situation in which the community's tax wealth or lack of it determines whether the children of that community will have an educational opportunity equal to that of children across the province.

There can no longer be doubt about this matter. The Select Committee writes, -

> "we consistently heard from boards that the existing ceilings were inadequate ... The consistent nature of this input has impressed the Committee ... From one end of the province to the other ... the existing ceilings do not realistically cover the costs."

OPSBA urges the Standing Committee on Finance and Economic Affairs to endorse Recommendation 3 of the Third Report of the Select Committee and to recommend to the government its immediate implementation.

"The Minister (of Education) should consult with the key partners in education as soon as possible in order to:

- **o determine a clear and understandable mode of calculating the cost of providing the education services mandated in the Education Act and identifying the basic components of recognized expenditure;**
- **o develop a rational means of updating these cost calculations and ceiling determinations; and**
- **o complete the development of these calculations by August 30, 1990."**

OPSBA notes with interest that the Minister does not need to wait for the results of this study before announcing interim funding to raise the ceilings immediately.

3. Provincial Transfer Payments

The Treasurer has announced that the school boards will receive an overall increase in operating grants of 8.7 per cent in 1990 over 1989. There is as yet no indication of the effect of this increase on individual boards, neither have we received any explanation as to how the per centage increase was calculated. However, the experience of school boards in 1989 provides a basis for concern.

In 1989, the overall increase in operating grants to school boards was 6.1 per cent - 4 per cent for costs of inflation and 2.1 per cent in "new money" to fund the provinces share of costs of implementing its policy initiatives of 1987, including a reduction in class size in Grades 1 and 2. However, enrolment growth of approximately 2 per cent was not included. The effect was to decrease the basic per pupil grant in 1989. The overall rate of provincial support for schools dropped with the result that boards were forced to raise mill rates substantially above the rate of inflation, in many cases to double-digits.

The costs to property taxpayers rose by $1 billion from $4.7 billion in 1988 to $5.7 billion in 1989 while the Treasurer allocated $4.1 billion.

Without detailed explanations of the effect of the announced 8.7 per cent increase in operating grants school boards cannot plan effectively. Our member boards are again predicting double-digit mill rate increases, some as high as 20 per cent. The alternative is to very substantially cut programs provided to young people and adults. Surely such actions are not consonant with the government's espoused priorities for education.

4. Further Sources of Uncertainty

We have discussed the inadequacy of per pupil grant ceilings, but uncertainty regarding other components of the General Legislative Grant Regulation are limiting boards' ability to forecast 1990 revenues. The Ministry of Education is currently assessing a number of options for changing the rules for transportation grants, the calculation of average daily enrolments and the provisions for recognizing geographic remoteness. If changes are implemented in 1990, as expected, they will likely affect mill rates to varying degrees across the province. While we have had the opportunity to review a number of options for change, no impact studies have been provided to the boards. We have yet to see anticipated proposals for changes to the funding mechanisms for adult education which could have a significant effect on some school board budgets and mill rates.

The Standing Committee on Finance and Economic Affairs is surely aware of the concern of the public boards regarding the government's commitment that no public board will suffer "a net loss of revenue" as a result of the pooling of commercial and industrial assessment of publically-traded corporations between coterminous public and separate school boards. The problems of the government in providing properly worded assessment notices in December has forced a delay in the return of assessment rolls for 1990. Neither the government nor our member boards can be sure that the $30 million compensation announced by the Minister of Education is adequate for 1990.

The public boards have established a means of tracking the impact of Bills 64 and 65 on our member boards and fully expects that the commitment to "no net revenue loss to public boards" for the six year implementation period will be honoured.

5. Capital Needs of School Boards

OPSBA appreciates the increasing commitment of the Provincial Government to help school boards address the rapidly-mounting backlog of capital needs. In particular, the 1990 transfer payments included a commitment for a fourth year of funding at $300 million a year, making the provincial cumulative total for 1990, 1991, 1992 and 1993 $1.232 billion.

Ontario's school boards have tremendous backlogs of unmet capital needs for new, permanent classrooms as well as modernization of most of the existing 4,600 schools of which 1,000 are more than 50 years old. We understand that the Ministry of Education places a current value on the public investment in school facilities of approximately $20 billion. At the start of this school year, more than 200,000 students were receiving their education by means of 7,500 portables. This results in excessive busing and overcrowding existing schools. As well, this is the largest number of students in temporary accommodation in the history of Ontario and is more than double the number in 1985.

A number of our member boards expect to be in a position to raise "lot levies" in support of new pupil places in growing communities. We believe that the provision of school sites remains an important and outstanding issue. We believe that the Development Charges Act should be accompanied by further legislation requiring real estate developers to dedicate land for school sites.

Lot levies are only a partial solution to the problem of inadequate capital funds and they are no solution at all to those of our member boards with little or no new development. No do they provide for the enormous backlog of renovation and replacement needs. We believe that specific allocation must be set aside for renovation or replacement of aging schools. The pressure for new pupil places is so extreme that we face the possibility of serious deterioration of existing capital stock unless such a specific allocation is made.

OPSBA appreciates the government's multi-year capital allocation program in that it provides a more adequate basis for planning by boards as well as by government. We recommend that this commitment be extended to 1994 and 1995 at a level of at least 400 million per annum.

6. New Initiatives, New Costs

We have demonstrated that the costs of education are increasingly being borne by local property taxpayers as the burden of financing has been steadily shifted from the Province to school boards. But it is important to note that this shift is only partially responsible for the dramatic rise in mill rates. The Federal as well as the Provincial Government have adopted significant new policies and legislation. We don't wish to comment on the merit of these initiatives rather we wish to bring to the Committee's attention their financial impact on school boards. They are requirements over which school boards have no choice and little control in terms of their associated costs. This list is not exhaustive, merely illustrative.

Education Programs

child care in schools
class size reductions
mandatory provision of heritage language classes
drug education
AIDS education
curriculum changes in secondary schools
kindergarten expansion
french first language education

Finance and Governance

Extension of separate school programs	(Bill 30)
Pooling of industrial & commercial assessment	(Bill 64 & 65)
French language governance	(Bill 75)
Trustee redistribution	(Bill 125)
School board boundary changes	(Bill 64)
Reduction in grant rate on new pupil places	
Development charges (lot levies)	(Bill 20)

School Board as Employer

Pay Equity	(Bill 119)
Occupational Health & Safety	(Bill 208)
Employer Health Levy	
Affirmative Action goals	
Employment Equity	
Employment Standards Act revisions	

Taxation

New tax on tires
increased vehicle registration fees

Federal Initiatives

Unemployment Insurance premiums
Canada Pension Plan changes
Copyright legislation, corrective
Immigration policies unsupported by money for language and settlement programs

We have not produced this list as a litany of woes. Many of these initiatives are important to the wellbeing of children, families and workers in this province. But they must be paid for and they are expensive. OPSBA has calculated that public boards require an increase of 12% in the overall operating grant if property tax increases are to be reasonable. We believe that provincial initiatives should be funded primarily from provincial revenue sources.

In Summary

Provincial support for public schools had declined steadily since 1975. The current method of financing needs major revision to ensure that it is equitable and provides for genuine equal opportunity for all pupils. However no amount of tinkering can mask the real problem - the inadequate level of provincial financial support for education. OPSBA urges you to consider our recommendations in reporting to the Legislature on the Provincial Budget for 1990.

RECOMMENDATIONS

OPSBA recommends that the Standing Committee on Finance and Economic Affairs.

1. Endorse Recommendation 3 of the Third Report of the Select Committee on Education and urge the Minister of Education to implement it immediately.

2. Urge the Treasurer and Minister of Education to make an immediate interim adjustment to raise the per pupil grant ceilings on approved expenditures.

3. Request that school boards be provided with an analysis of the announced 8.7 per cent increase in operating grants and that the impact of proposed changes in transportation, enrolment determination and remoteness allowances to the General Legislative Grant Regulation for 1990 be made available to school boards.

4. Urge the Provincial Government to fund fully the costs of recent initiatives, including those that affect the school boards as an employer.

5. In particular, urge the Government to reimburse school boards for the costs of OHIP premiums paid on behalf of employees for the period January - March 1990.

6. The 1990 Provincial Budget include a commitment of capital grants to school boards of at least $400 million dollars in each of 1994 and 1995.

7. An additional allocation of $180 million in 1991 and $70 million in 1992 be made for capital projects to partially address the backlog of school capital needs.

8. Provincial Government enact a law or amend the Planning Act to require real estate developers to dedicate land for school sites or the equivalent in case.

9. The Ministry of Education in collaboration with school boards develop a comprehensive capital investment strategy for the renewal of Ontario's aging elementary and secondary schools.